

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCTS PRICE CHANGES  
RATES OF GENERAL APPLICABILITY

Docket No. CP2014-55

**NOTICE OF THE UNITED STATES POSTAL SERVICE  
OF CHANGES IN RATES OF GENERAL APPLICABILITY  
FOR COMPETITIVE PRODUCTS  
ESTABLISHED IN GOVERNORS' DECISION NO. 14-3  
(July 1, 2014)**

Pursuant to 39 C.F.R. § 3015.2, the United States Postal Service hereby gives notice of changes in rates of general applicability for competitive products – specifically, for Priority Mail. In accordance with § 3015.2(b), this notice provides the Governors' Decision establishing the changes, including a statement of explanation and justification, which orders the changes into effect on September 7, 2014, and a certification of the Governors' vote. Attached to the Governors' Decision is a schedule showing the new prices incorporated into a revised draft of the Priority Mail section of the Mail Classification Schedule.

Also being filed herewith is a non-public annex showing FY 2015 projected volumes, revenues, attributable costs, and cost coverage for the Priority Mail product. Additionally, pursuant to Order No. 1062 (December 21, 2011), the Postal Service is filing supporting forecast data and price adjustment calculations. An application for non-public treatment of this material is attached to this pleading, along with a redacted, public version of the annex. Redacted versions of certain supporting materials are also being filed today.

The Governors' Decision and record of proceedings will be sent for publication in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2).

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing and Product Support

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3179, Fax -6187  
[Elizabeth.A.Reed@usps.gov](mailto:Elizabeth.A.Reed@usps.gov)  
July 1, 2014

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON CHANGES  
IN RATES OF GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS (GOVERNORS'  
DECISION No. 14-03)**

---

June 18, 2014

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish price changes for the Postal Service's shipping services (competitive products), specifically for Priority Mail. The changes are described generally below, with a detailed description of the changes in the attachment. The attachment includes the draft Mail Classification Schedule sections with changes in classification language in legislative format, and new prices displayed in the price charts.

The existing structure of Priority Mail Retail, Commercial Base, and Commercial Plus price categories is maintained. Prices in the ground zones (Zones 1-4) and heavier weights (6-20 pounds) will be adjusted to enhance Priority Mail's strategic position in the market. Retail prices will have an average price increase of 1.7 percent. Commercial Base prices will have an average price decrease of 0.9 percent, while Commercial Plus prices will have an average price decrease of 2.3 percent. Price decreases will be targeted to attract ground volume in the six- to twenty-pound weight cells.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. § 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. § 3633(a)(3), which, as implemented by 39 C.F.R. § 3015.7(c), requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)). We therefore find that the new prices and classification changes are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. § 3015.2.

**ORDER**

The changes in prices set forth herein shall be effective at 12:01 A.M. on September 7, 2014. We direct the Secretary to have this decision published in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2). We also direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:

A handwritten signature in cursive script, reading "Mickey D. Barnett", is written over a horizontal line.

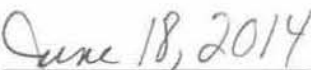
Mickey D. Barnett  
Chairman

**CERTIFICATION OF GOVERNORS' VOTE  
IN THE  
GOVERNORS' DECISION NO. 14-03**

Consistent with 39 USC 3632(a), I hereby certify that the following Governors voted in favor of Governors' Decision No. 14-03:

Mickey D. Barnett  
James H. Bilbray  
Louis J. Giuliano  
Ellen C. Williams

  
\_\_\_\_\_  
Julie S. Moore  
Secretary of the Board of Governors

Date:   
\_\_\_\_\_

## **PART B**

### **COMPETITIVE PRODUCTS**

**2000            COMPETITIVE PRODUCT LIST**

\* \* \*

**2001            COMPETITIVE PRODUCT DESCRIPTIONS**

\* \* \*

**2100            Domestic Products**

\* \* \*

**2110            Priority Mail**

\* \* \*

\* \* \*

## 2110.6 Prices

*Retail Priority Mail Zone/Weight*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
1	5.75	5.85	6.00	6.15	6.40	6.65	7.15	8.35
2	5.95	6.35	7.05	9.00	9.75	10.55	11.55	13.50
3	6.70	7.70	8.85	10.80	12.20	13.10	15.50	18.10
4	7.55	9.00	10.15	14.25	15.65	16.75	18.65	21.80
5	8.95	9.95	11.30	16.20	17.80	19.20	21.55	25.20
6	9.60	10.80	12.10	18.00	20.00	21.55	24.30	28.45
7	10.20	11.70	13.05	20.05	22.15	24.20	27.35	32.00
8	10.95	12.35	13.60	21.80	24.30	26.75	30.60	35.80
9	11.45	12.70	14.10	23.00	26.45	28.90	34.05	39.85
10	12.15	12.75	14.35	24.95	28.55	31.80	37.10	43.40
11	13.00	13.25	14.50	26.90	30.65	35.10	40.70	48.05
12	13.40	13.65	14.70	28.85	33.35	37.95	43.70	51.55
13	13.55	14.00	14.90	30.50	35.80	39.45	45.30	53.40
14	13.75	14.40	15.10	32.40	37.80	41.70	47.55	56.10
15	14.00	14.85	15.30	34.30	39.40	42.60	48.85	57.65
16	14.80	15.90	16.80	36.20	41.65	44.95	51.60	60.85
17	15.55	16.90	18.30	38.10	43.75	47.35	54.30	64.05
18	16.30	17.90	19.80	39.95	46.05	49.65	57.05	67.35
19	17.05	18.90	21.30	41.05	46.95	50.70	58.25	70.50
20	17.80	19.90	22.80	41.75	48.10	52.55	60.95	73.75
21	18.55	20.90	24.30	42.35	48.90	53.40	62.35	76.05
22	19.30	21.90	26.30	43.35	50.00	54.70	63.85	77.90
23	20.05	22.90	28.30	44.10	50.90	55.75	65.00	79.30
24	20.80	24.15	30.30	45.05	51.95	57.15	66.60	81.25
25	22.20	27.00	33.80	45.80	52.65	58.60	67.70	82.60



*Retail Priority Mail Zone/Weight (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
26	22.60	27.25	34.95	46.75	53.95	60.05	69.85	85.20
27	23.25	27.65	36.00	47.65	54.70	61.45	72.45	88.40
28	24.00	28.05	37.05	48.85	55.45	62.85	75.20	91.75
29	24.70	28.30	38.00	49.55	56.40	64.30	77.20	94.20
30	25.45	28.70	38.90	50.25	57.95	65.75	78.90	96.25
31	26.20	29.00	39.50	50.90	58.80	67.15	80.50	99.00
32	26.50	29.60	40.20	51.50	59.55	68.60	82.10	101.00
33	26.90	30.45	41.20	52.15	60.70	70.05	83.65	102.90
34	27.15	31.25	42.20	53.25	62.10	71.50	85.25	104.85
35	27.45	32.00	42.80	54.40	63.80	72.90	86.65	106.60
36	27.75	32.90	43.35	55.60	65.45	73.90	88.15	108.40
37	28.05	33.50	44.00	56.60	67.10	74.85	89.60	110.20
38	28.30	34.35	44.55	57.70	69.00	75.75	91.05	112.00
39	28.60	35.10	45.10	58.90	70.65	77.70	92.40	113.65
40	28.95	35.85	45.70	60.15	71.80	79.45	93.70	115.25
41	29.25	36.55	46.20	60.70	72.95	81.15	95.05	117.85
42	29.45	37.20	46.75	62.00	74.25	82.20	96.35	119.45
43	29.80	37.80	47.15	63.40	76.05	83.25	97.55	120.95
44	30.00	38.40	47.75	64.70	77.25	84.25	98.70	122.40
45	30.20	38.85	48.10	66.20	78.10	85.20	99.95	123.95
46	30.45	39.15	48.60	67.40	78.95	86.10	101.15	125.45
47	30.70	39.45	49.05	68.95	79.80	87.05	102.25	126.80
48	30.95	39.80	49.50	70.30	80.85	87.90	103.35	128.15
49	31.15	40.10	49.90	71.60	81.90	88.80	104.40	129.45
50	31.30	40.35	50.25	73.00	83.05	89.95	105.50	130.80

*Retail Priority Mail Zone/Weight (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
51	31.45	40.70	50.70	74.20	84.20	91.25	106.45	133.05
52	31.85	40.95	51.05	74.80	85.05	92.60	107.70	134.65
53	32.35	41.25	51.40	75.40	85.75	94.10	109.10	136.40
54	32.80	41.45	51.75	76.00	86.40	95.50	110.65	138.30
55	33.35	41.75	52.00	76.55	87.05	96.95	112.10	140.15
56	33.80	41.95	52.30	77.05	87.65	98.35	113.15	141.45
57	34.30	42.10	52.65	77.50	88.30	99.85	114.00	142.50
58	34.85	42.30	52.95	78.05	88.80	101.20	114.85	143.55
59	35.40	42.50	53.20	78.50	89.35	101.85	115.75	144.70
60	35.85	42.70	53.75	78.90	89.80	102.45	116.50	145.65
61	36.40	42.90	54.70	79.30	90.30	103.05	118.10	147.65
62	36.80	43.00	55.40	79.70	90.75	103.50	120.00	150.00
63	37.50	43.20	56.30	80.10	91.25	104.00	121.90	152.40
64	37.85	43.30	57.10	80.45	91.60	104.50	123.75	154.70
65	38.35	43.40	57.90	80.70	91.90	105.00	125.70	157.15
66	38.85	43.60	58.80	81.10	92.35	105.35	127.50	159.40
67	39.45	43.70	59.80	81.40	92.65	105.75	129.20	161.50
68	39.95	43.80	60.60	81.60	93.80	106.15	130.60	163.25
69	40.50	43.85	61.30	81.80	94.95	106.45	131.95	164.95
70	40.90	43.95	62.30	82.05	96.10	106.85	133.40	166.75

*Retail Flat Rate Envelopes<sup>1</sup>*

	<b>(\$)</b>
Retail Regular Flat Rate Envelope, per piece	<u>5.75</u>
Retail Legal Flat Rate Envelope, per piece	<u>5.90</u>
Retail Padded Flat Rate Envelope, per piece	<u>6.10</u>

**Notes**

1. The price for Regular, Legal, or Padded Flat Rate Envelopes also applies to sales of Regular, Legal, or Padded Flat Rate Envelopes, respectively, marked with Forever postage, at the time the envelopes are purchased.

*Retail Flat Rate Boxes<sup>1</sup>*

<b>Size</b>	<b>Delivery to Domestic Address (\$)</b>	<b>Delivery to APO/FPO/DPO Address (\$)</b>
Small Flat Rate Box	<u>5.95</u>	<u>5.95</u>
Medium Flat Rate Boxes	<u>12.65</u>	<u>12.65</u>
Large Flat Rate Boxes	<u>17.90</u>	<u>15.90</u>

**Notes**

1. The price for Small, Medium, or Large Flat Rate Boxes also applies to sales of Small, Medium, or Large Flat Rate Boxes, respectively, marked with Forever postage, at the time the boxes are purchased.

*Regional Rate Boxes*

<b>Size</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
A	6.07	6.19	6.59	8.30	9.01	9.73	10.72	12.71
B	6.91	8.00	8.85	11.41	14.12	15.17	17.03	20.28
C	<u>10.60</u>	<u>11.45</u>	<u>11.49</u>	<u>20.53</u>	38.13	41.64	48.18	58.14

*Retail Balloon Price*

In Zones 1-4 (including local), parcels weighing less than 20 pounds but measuring more than 84 inches in combined length and girth (but not more than 108 inches) are charged the applicable price for a 20-pound parcel.

*Retail Dimensional Weight*

In Zones 5-8, parcels exceeding one cubic foot are priced at the actual weight or the dimensional weight, whichever is greater.

For box-shaped parcels, the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) of the parcel, and dividing by 194.

For irregular-shaped parcels (parcels not appearing box-shaped), the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) at the associated maximum cross-sections of the parcel, dividing by 194, and multiplying by an adjustment factor of 0.785.

*Commercial Base Priority Mail Zone/Weight*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
1	5.05	5.23	5.35	5.54	5.75	6.02	6.51	7.81
2	5.32	5.44	5.84	7.55	8.26	8.98	9.97	11.96
3	5.49	6.39	7.36	9.11	10.72	11.59	13.52	16.22
4	6.16	7.25	8.10	10.66	13.37	14.42	16.28	19.53
5	6.78	7.33	8.42	11.26	15.22	16.58	18.87	22.64
6	6.95	7.55	8.55	12.11	17.08	18.90	21.61	25.94
7	7.27	7.75	9.05	12.99	18.91	21.31	24.27	29.12
8	7.54	8.25	9.28	13.64	20.79	23.46	27.25	32.70
9	8.02	8.45	9.42	14.42	22.61	25.41	30.30	36.36
10	8.28	8.49	9.56	15.27	24.43	27.93	32.95	39.54
11	8.57	8.83	9.65	15.93	26.21	30.40	35.70	43.20
12	8.78	9.10	9.74	16.81	28.58	32.87	38.28	46.32
13	8.99	9.32	9.86	17.70	30.69	34.20	39.64	47.97
14	9.14	9.57	9.96	18.41	32.41	36.12	41.61	50.35
15	9.27	9.87	10.07	18.78	33.66	36.80	42.71	51.68
16	9.77	10.37	10.51	19.28	35.57	38.86	45.06	54.52
17	9.85	10.70	10.74	19.78	37.38	40.89	47.43	57.39
18	9.96	10.84	11.05	20.28	39.35	42.90	49.82	60.29
19	10.08	11.21	11.43	20.78	41.12	44.91	52.19	63.14
20	10.26	11.57	11.82	21.28	42.17	46.58	54.60	66.06
21	11.76	13.07	13.32	22.78	42.51	47.02	55.30	67.47
22	13.26	14.57	15.07	24.53	42.81	47.39	55.94	68.25
23	14.76	16.07	17.07	26.53	43.05	47.72	56.27	68.65
24	16.26	18.07	20.07	29.53	43.95	48.95	57.64	70.33
25	17.76	20.07	24.07	32.53	44.59	50.17	58.64	71.54

*Commercial Base Priority Mail Zone/Weight (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
26	18.77	23.00	29.24	36.53	45.68	51.40	60.47	73.77
27	19.31	23.34	30.14	39.92	46.30	52.60	62.76	76.57
28	19.90	23.66	30.98	40.96	46.92	53.83	65.11	79.44
29	20.50	23.89	31.82	41.50	47.72	55.06	66.86	81.56
30	21.13	24.25	32.57	42.09	49.06	56.27	68.30	83.33
31	21.71	24.49	33.08	42.61	49.77	57.52	69.69	85.72
32	21.96	25.00	33.63	43.12	50.42	58.75	71.11	87.47
33	22.30	25.69	34.48	43.68	51.39	59.95	72.43	89.08
34	22.50	26.37	35.34	44.62	52.60	61.20	73.80	90.77
35	22.77	27.00	35.84	45.56	54.01	62.42	75.05	92.31
36	23.05	27.78	36.32	46.55	55.38	63.27	76.33	93.89
37	23.29	28.28	36.84	47.39	56.83	64.08	77.58	95.43
38	23.50	28.97	37.31	48.33	58.42	64.83	78.82	96.95
39	23.75	29.64	37.75	49.33	59.80	66.54	80.04	98.45
40	23.99	30.27	38.22	50.35	60.76	68.02	81.13	99.79
41	24.25	30.79	38.63	50.81	61.78	69.46	82.29	102.04
42	24.43	31.42	39.12	51.91	62.85	70.41	83.41	103.43
43	24.71	31.92	39.51	53.08	64.36	71.28	84.48	104.76
44	24.87	32.45	39.98	54.19	65.39	72.13	85.45	105.96
45	25.04	32.78	40.28	55.42	66.12	72.93	86.53	107.30
46	25.25	33.03	40.69	56.45	66.84	73.70	87.56	108.58
47	25.46	33.29	41.08	57.77	67.54	74.54	88.54	109.79
48	25.66	33.59	41.42	58.85	68.42	75.26	89.50	110.98
49	25.85	33.85	41.76	59.91	69.35	76.04	90.38	112.07
50	25.96	34.06	42.05	61.12	70.32	77.00	91.34	113.27

*Commercial Base Priority Mail Zone/Weight (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
51	26.34	34.37	42.44	62.16	71.28	78.11	92.19	115.24
52	26.75	34.53	42.69	62.60	71.98	79.30	93.27	116.59
53	27.23	34.79	42.98	63.12	72.58	80.58	94.46	118.08
54	27.63	34.94	43.30	63.66	73.10	81.75	95.79	119.74
55	28.06	35.24	43.55	64.07	73.70	83.03	97.08	121.34
56	28.45	35.41	43.82	64.55	74.19	84.21	98.07	122.59
57	28.90	35.57	44.10	64.93	74.76	85.48	98.95	123.69
58	29.33	35.74	44.32	65.34	75.18	86.62	99.76	124.70
59	29.76	35.92	44.53	65.75	75.63	87.21	100.50	125.62
60	30.14	36.08	45.11	66.09	76.01	87.73	101.20	126.50
61	30.61	36.25	45.91	66.43	76.43	88.23	102.56	128.21
62	30.99	36.33	46.52	66.73	76.79	88.63	104.20	130.25
63	31.54	36.45	47.27	67.08	77.22	89.05	105.86	132.33
64	31.83	36.54	47.98	67.36	77.56	89.46	107.50	134.37
65	32.29	36.63	48.62	67.58	77.80	89.88	109.17	136.47
66	32.72	36.80	49.37	67.89	78.18	90.16	110.76	138.45
67	33.20	36.89	50.20	68.14	78.45	90.53	112.22	140.28
68	33.59	36.97	50.85	68.32	79.42	90.99	113.42	141.78
69	34.06	37.02	51.48	68.53	80.37	91.43	114.62	143.28
70	34.41	37.10	52.30	68.73	81.34	91.76	115.85	144.82

*Commercial Base Flat Rate Envelope*

	<b>(\$)</b>
Commercial Base Regular Flat Rate Envelope, per piece	5.05
Commercial Base Legal Flat Rate Envelope, per piece	5.25
Commercial Base Padded Flat Rate Envelope, per piece	5.70

*Commercial Base Flat Rate Box*

<b>Size</b>	<b>Delivery to Domestic Address (\$)</b>	<b>Delivery to APO/FPO/DPO Address (\$)</b>
Small Flat Rate Box	5.25	5.25
Regular Flat Rate Boxes	11.30	11.30
Large Flat Rate Boxes	15.80	13.80

*Commercial Base Regional Rate Boxes*

<b>Size</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
A	5.32	5.44	5.84	7.55	8.26	8.98	9.97	11.96
B	6.16	7.25	8.10	10.66	13.37	14.42	16.28	19.53
C	<u>9.85</u>	<u>10.70</u>	<u>10.74</u>	<u>19.78</u>	37.38	40.89	47.43	57.39

*Commercial Base Balloon Price*

In Zones 1-4 (including local), parcels weighing less than 20 pounds but measuring more than 84 inches in combined length and girth (but not more than 108 inches) are charged the applicable price for a 20-pound parcel.

*Commercial Base Dimensional Weight*

In Zones 5-8, parcels exceeding one cubic foot are priced at the actual weight or the dimensional weight, whichever is greater.

For box-shaped parcels, the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) of the parcel, and dividing by 194.

For irregular-shaped parcels (parcels not appearing box-shaped), the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) at the associated maximum cross-sections of the parcel, dividing by 194, and multiplying by an adjustment factor of 0.785.



*Commercial Plus Priority Mail Zone/Weight*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
0.5	4.58	4.65	4.74	4.99	5.23	5.47	5.82	6.98
1	4.95	5.10	5.27	5.47	5.66	5.86	6.25	7.50
2	5.09	5.35	5.74	7.17	7.68	8.29	8.99	10.78
3	5.20	5.51	5.90	8.65	10.18	11.15	12.53	15.04
4	5.30	5.56	5.95	9.28	12.36	13.62	15.52	18.63
5	5.35	5.61	6.80	9.80	14.33	15.89	18.30	21.96
6	5.40	5.66	6.88	10.54	16.07	18.33	20.36	24.43
7	5.45	5.71	7.00	11.31	17.85	20.61	23.27	27.93
8	5.50	5.76	7.18	11.87	19.37	22.61	26.11	31.34
9	5.55	5.81	7.28	12.55	20.97	24.59	29.06	34.87
10	5.60	6.56	7.40	13.29	22.71	26.77	31.73	38.07
11	5.65	6.83	7.46	13.87	24.12	28.23	32.86	39.76
12	6.79	7.04	7.53	14.63	25.99	29.68	34.28	41.47
13	6.95	7.21	7.63	15.41	27.87	30.88	35.46	42.91
14	7.07	7.40	7.70	16.03	29.36	32.64	37.23	45.05
15	7.17	7.64	7.79	16.35	30.03	32.98	38.02	46.01
16	8.70	9.24	9.37	17.58	30.72	33.72	39.00	47.18
17	8.78	9.53	9.67	18.08	31.55	34.55	39.99	48.39
18	8.87	9.66	9.85	18.43	32.15	35.22	40.95	49.55
19	8.98	9.99	10.19	18.93	32.91	36.12	41.98	50.79
20	9.14	10.31	10.53	19.38	33.54	36.80	42.89	51.90
21	9.30	10.58	10.85	20.93	34.10	37.44	43.74	53.37
22	10.03	11.37	11.87	22.68	34.86	38.30	44.82	54.68
23	10.67	11.68	12.25	23.52	35.47	38.99	45.59	55.62
24	10.88	11.95	12.64	25.46	36.20	39.89	46.74	57.02
25	11.16	12.26	12.98	26.41	36.77	40.48	47.54	58.00

*Commercial Plus Priority Mail Zone/Weight (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
26	11.42	13.15	14.03	28.25	37.57	41.32	49.06	59.85
27	11.69	13.47	14.37	29.32	38.13	41.94	50.87	62.06
28	11.90	13.79	14.83	30.01	38.64	42.57	52.74	64.34
29	12.15	14.05	15.25	30.79	39.14	43.12	54.43	66.40
30	12.45	14.40	15.71	31.89	39.70	43.74	56.26	68.64
31	13.26	15.34	16.87	32.57	40.19	44.29	58.11	71.48
32	13.32	15.67	18.15	33.52	40.75	45.36	59.93	73.71
33	13.56	16.02	18.59	34.43	41.24	46.65	61.70	75.89
34	13.64	16.38	19.01	36.21	42.47	47.94	63.51	78.12
35	13.88	16.76	20.34	36.98	43.63	49.22	65.32	80.34
36	15.42	20.15	22.50	37.81	44.73	50.57	67.14	82.58
37	17.73	21.44	23.86	38.52	45.90	51.85	68.93	84.79
38	17.98	21.76	26.26	39.28	47.18	53.08	70.76	87.04
39	18.24	22.19	28.79	40.06	48.33	54.45	72.63	89.33
40	20.91	23.57	29.43	40.89	49.43	55.66	74.33	91.42
41	21.35	24.29	32.84	41.26	50.61	57.01	76.13	94.41
42	21.75	24.78	33.28	42.15	51.71	58.35	77.94	96.65
43	22.19	25.20	33.71	43.08	53.00	59.64	79.79	98.94
44	22.58	25.69	34.15	44.07	54.08	60.97	81.58	101.15
45	22.96	26.17	34.52	45.00	55.27	62.29	83.38	103.39
46	23.39	26.65	35.20	45.86	56.43	63.56	85.19	105.63
47	23.81	27.12	35.86	46.86	57.71	64.91	86.96	107.83
48	24.23	27.48	36.65	47.79	58.89	66.24	88.51	109.76
49	24.62	27.82	37.02	48.68	59.93	67.60	89.40	110.85
50	24.96	28.06	37.36	49.61	61.09	68.88	90.52	112.25

*Commercial Plus Priority Mail Zone/Weight (Continued)*

<b>Maximum Weight (pounds)</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
51	25.45	28.33	38.02	50.61	62.26	70.16	91.48	114.36
52	25.79	28.58	38.77	51.53	63.53	71.46	92.38	115.47
53	26.29	28.87	39.41	52.46	64.64	72.80	93.29	116.61
54	26.63	29.06	40.07	53.45	65.74	74.03	94.18	117.72
55	27.05	29.34	40.88	54.38	66.91	75.26	94.98	118.72
56	27.46	29.54	41.52	55.24	68.18	76.61	95.81	119.76
57	27.90	29.83	42.18	56.13	69.29	77.94	96.68	120.84
58	28.27	30.03	42.92	57.12	70.46	78.59	97.46	121.82
59	28.72	30.24	43.63	58.06	71.18	79.04	98.15	122.69
60	29.06	30.45	44.27	59.04	71.58	80.34	98.90	123.63
61	29.54	30.65	45.06	59.92	72.41	81.57	100.22	125.27
62	29.89	30.94	45.72	60.92	72.87	82.83	101.81	127.26
63	30.37	31.40	46.43	61.90	73.28	83.69	103.41	129.27
64	30.71	31.59	47.12	62.84	73.74	84.20	105.03	131.29
65	31.16	31.68	47.73	63.46	74.12	84.65	106.68	133.34
66	31.54	32.04	48.48	63.72	74.59	85.07	108.22	135.28
67	31.97	32.48	49.26	64.39	74.95	85.55	109.92	137.40
68	32.37	32.88	49.94	65.31	75.25	85.96	111.43	139.29
69	32.82	33.32	50.58	66.31	75.68	86.41	113.08	141.35
70	33.20	33.71	51.36	66.60	75.98	86.75	114.67	143.33

*Commercial Plus Flat Rate Envelope*

	<b>(\$)</b>
Commercial Plus Regular Flat Rate Envelope, per piece	4.95
Commercial Plus Legal Flat Rate Envelope, per piece	4.99
Commercial Plus Padded Flat Rate Envelope, per piece	5.35

*Commercial Plus Flat Rate Box*

<b>Size</b>	<b>Delivery to Domestic Address (\$)</b>	<b>Delivery to APO/FPO/DPO Address (\$)</b>
Small Flat Rate Box	5.20	5.20
Medium Flat Rate Boxes	10.65	10.65
Large Flat Rate Boxes	14.80	12.80

*Commercial Plus Regional Rate Boxes*

<b>Maximum Cubic Feet</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
A	5.32	5.44	5.84	7.55	8.26	8.98	9.97	11.96
B	6.16	7.25	8.10	10.66	13.37	14.42	16.28	19.53
C	9.85	10.70	10.74	19.78	37.38	40.89	47.43	57.39

*Commercial Plus Balloon Price*

In Zones 1-4 (including local), parcels weighing less than 20 pounds but measuring more than 84 inches in combined length and girth (but not more than 108 inches) are charged the applicable price for a 20-pound parcel.

*Commercial Plus Dimensional Weight*

In Zones 5-8, parcels exceeding one cubic foot are priced at the actual weight or the dimensional weight, whichever is greater.

For box-shaped parcels, the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) of the parcel, and dividing by 194.

For irregular-shaped parcels (parcels not appearing box-shaped), the dimensional weight (pounds) is calculated by multiplying the length (inches) times the width (inches) times the height (inches) at the associated maximum cross-sections of the parcel, dividing by 194, and multiplying by an adjustment factor of 0.785.

*Critical Mail*

<b>Shape</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
Letter	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Flat	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Letter with Signature	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Flat with Signature	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35

*Commercial Plus Cubic*

<b>Maximum Cubic Feet</b>	<b>Local, Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>	<b>Zone 9 (\$)</b>
0.10	4.58	4.65	4.74	4.99	5.23	5.47	5.82	6.98
0.20	4.99	5.12	5.28	5.50	5.70	5.91	6.30	7.56
0.30	5.22	5.61	6.12	7.64	8.39	9.09	9.96	11.94
0.40	5.40	6.31	7.24	9.13	10.73	11.77	13.26	15.91
0.50	6.18	7.21	8.35	11.50	13.41	14.82	16.97	20.36

*Open and Distribute (PMOD)*

## a. DDU

Container	Local, Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)	Zone 9 (\$)
Half Tray	7.49	9.17	11.08	17.83	18.06	19.64	21.80	27.25
Full Tray	10.18	12.74	14.83	25.95	29.83	31.69	35.36	44.20
EMM Tray	11.67	13.91	17.18	28.71	31.52	34.61	38.48	48.10
Flat Tub	16.68	20.91	25.85	43.73	52.78	57.06	63.51	79.39

## b. Processing Facilities

Container	Local, Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)	Zone 9 (\$)
Half Tray	5.94	7.52	9.24	16.10	16.45	18.00	19.32	24.15
Full Tray	7.68	9.90	12.33	22.49	26.58	28.45	31.80	39.75
EMM Tray	9.16	10.62	14.46	24.83	28.20	31.05	35.88	44.85
Flat Tub	13.11	17.33	21.95	40.09	48.96	53.30	58.63	73.29

*Pickup On Demand Service*

Add \$20.00 for each Pickup On Demand stop.

*IMpb-Noncompliance Fee*

Add \$0.20 for each IMpb-noncompliant parcel paying commercial prices.

### Priority Mail Price Change - Financials

	FY 2015 Before Rates	FY 2015 After Rates
Volume (in Millions)		
Revenue (in Millions)		
Cost (in Millions)		
Cost Coverage		

Note:

## Priority Mail Price Change

	FY 2015 Before Rates	FY 2015 After Rates
<b>Volume<sup>1</sup></b>		
Priority Mail (Non-NSA)		
Retail		
Commercial		
Negotiated Service Agreements		
Total Priority Mail		
<b>Revenue<sup>2</sup></b>		
Priority Mail (Non-NSA)		
Retail		
Commercial		
Negotiated Service Agreements (Priority Mail Fees)		
Total Priority Mail		
<b>Cost<sup>3</sup></b>		
Priority Mail (Non-NSA)		
Retail		
Commercial		
Negotiated Service Agreements (Priority Mail Fees)		
Total Priority Mail		
<b>Cost Coverage</b>		
Priority Mail (Non-NSA)		
Retail		
Commercial		
Negotiated Service Agreements (Priority Mail Fees)		
Total Priority Mail		





## **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007.21, the Postal Service hereby applies for non-public treatment of the attributable cost and cost coverage data in the unredacted version of the annex to Governors' Decision No. 14-3, as well as the supporting materials for those data, which include disaggregated product volume, weight, and revenue distribution information by price cell. The materials consist of spreadsheets that contain calculations to determine the weighted average price increase and cost coverage for each competitive product within the scope of this docket. The Postal Service hereby furnishes the justification required for this application by each subsection of 39 C.F.R. § 3007.21(c), as enumerated below. For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials. The Postal Service is concurrently filing redacted versions of these files, where it has determined redactions to be practicable.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as non-public consist of information of a commercial nature, which under good business practice would not be publicly disclosed. In the Postal Service's opinion, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3).<sup>1</sup> Because the portions of the materials which the Postal Service is applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

---

<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

- (2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

- (3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

The redacted information consists of the projected attributable cost and cost coverage for each competitive product that is the subject of this docket. The Postal Service has filed information concerning the calculations used to develop the weighted average price increase by product and cost coverage. Protected information in the spreadsheets includes volume and revenue by price cell (weight increment and zone or country group), as well as product-specific cost data and other supporting data. Such information for competitive product categories is commercially sensitive at the disaggregated, cell-specific level shown in the spreadsheets.

- (4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If competitors of the Postal Service were to have access to this information, they would likely focus their marketing and price cutting efforts on the Postal Service's most profitable products. This will lead to erosion of contribution of these products through lost sales and/or the need to lower prices to compete. Postal product cost and contribution information would provide suppliers of postal transportation and other services with information they could use to seek higher rates for services they provide. This would lead to higher postal costs and loss of contribution. Although the extent of the commercial harm is difficult to quantify, given that Shipping Services is a multi-billion dollar enterprise, even a small change in market share, prices, or costs could lead to millions of dollars in lost revenue, higher costs, and lower contribution margins. It is highly likely that if this information were made public, the Postal Service's competitors and suppliers would take advantage of it almost immediately.

Competitors could use the product-specific revenue, pieces, and weight information to analyze the Postal Service's possible market strengths and weaknesses and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Disclosure of this information would also undermine the Postal Service's position in negotiating favorable terms with potential customers, who would be able to ascertain critical information about relevant product trends (e.g., average revenue per piece, average weight per piece).

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Identified harm: Competitors could use product cost, contribution, or cost coverage information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment.

Hypothetical: Cost, contribution and/or cost coverage information is released to the public and available to a competitor. The competitor assesses the profitability of certain services based on the data released. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service has substantial contribution, thereby hindering the Postal Service's ability to maintain these customers.

Identified harm: Competitors could use disaggregated product volume, weight, and revenue distribution information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment, and also during negotiations with the Postal Service.

Hypothetical: Disaggregated revenue, volume, and weights contained in the Nonpublic Annex are disclosed to the public. Another delivery service's employee monitors the filing of this information and passes it along to the firm's sales and marketing functions. The competitor assesses the profitability of certain services on a per-piece or per-pound basis or the Postal Service's relative concentration in certain service offerings. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service appears to have

made headway, hindering the Postal Service's ability to reach out effectively to these customers.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the market for domestic parcel shipping products, as well as their consultants and attorneys. Additionally, suppliers of transportation or other services to the Postal Service that affect costs for competitive services should not have access to these materials; this restriction should include their consultants and attorneys.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

**(8) Any other factors or reasons relevant to support the application.**

None.

**Conclusion**

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.